The Mexican Economy: Out In The Cold!

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Economic Activity Index: Undecided!
Industrial Production: The US to the Rescue?
Interest Rates: Historically Low!

![Chart showing interest rates over time.]
Imports: Consumers Are Giving Up!
Capital Goods Imports: Nothing To Celebrate!
Heading For Recession, Again? (% change y-o-y)
Maquiladora Exports: Is China To Blame?
Total Exports: Thank God For Petroleum Prices!
CPI: Excellent Performance!

Consumer Price Index, % change y-o-y
Maquiladora: Labor Productivity!
(value added over number of workers)
Maquiladora: Salaries over Number of Workers!

Border States

National
Maquiladora Value Added
(millions of pesos)

Border States  National

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Number Employees, Maquiladora

(Thousands)

Border States  National
GDP growth of 1.5% in 2003 recovering to 3.4% in 2004.
- However, risks have increased considerably due to the uncertainty of the US and global economies
- This “type” of US growth is not “trickling down” to Mexico

Fiscal Sector Reform—No Progress
- Extreme dependence on petroleum revenues
  - Makes fiscal planning—long-term—very difficult
- Needs to increase tax receipts as a % of GDP

Need Of Energy Sector Reform
- Political system’s shortsightedness makes reform process unlikely

Maquiladora industry
- Increased labor cost and cumbersome bureaucracy
- The China Factor/The Mexican Factor
Thank you!

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